

Chief, Economic Research Area

15 May 1958

Chief, Materials Division, ORR

Proposed USSR Oil Pipeline from Ural Region to Baltic and Poland

1. Soviet plans to build a major oil depot on the Baltic at Klaipeda (Memel), Lithuania have been previously disclosed. How this proposed base is to be supplied with petroleum, crude oil and products for export has not been announced.

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2.

[redacted] renewed invitation to them by A. Johnson and Company, a Swedish firm, to participate with them in preparing a bid on a major oil pipeline in the USSR. This invitation was first received by [redacted] in October 1957, at which time [redacted] discussed the matter with the State Department and subsequently declined to participate. During the first week in May 1958, the Johnson firm, who were then being urged by Russians to bid, again invited [redacted] to participate.

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3.

[redacted] discussing the latest Johnson invitation, together with a translated copy of the original Russian specifications, which is titled, A Short Preliminary Investigation of Pipeline Westwards from the Ural Mountains. The specifications are dated 16 September 1957. State Department files have disclosed some additional information.

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4. The specifications are very limited and would permit only a rough estimate of the materials involved. Neither pipeline routes nor profile are described. The specifications, however, indicate the following:

A pipeline system about 3,000 kilometers long, consisting of,

- 1,750 km 24" pipe from Tuimazy to an undisclosed point "B"
- 220 km 20" pipe from point "B" to Memel (Baltic)
- 420 km 16" pipe from point "B" to Warsaw
- 530 km 16" pipe from point "B" to Yugoslavia.

The above pipe amounts to, according to the specifications, 470,000 tons of steel. Certain other equipment including pumps, engines, heaters, valves and buildings is listed by quantity only.

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5. The capacity of the system specified is, for the 24" portion, approximately 350,000 barrels per day of gas oil or 180,000 barrels per day of mazut (fuel oil). These specifications would also cover a range of crude oils.

6. The system proposed could be designed as an integral part of the planned expansion of refineries and oil pipelines in Western Russia or as a separate and distinct system to supply export markets. The latter appears to be more likely at this time. The branch line designated to Yugoslavia is obviously incomplete or incorrect. It is interesting to note that, while Soviet total pipeline goals for the Sixth Five-Year Plan have remained approximately constant, there has been a distinct shift in emphasis from oil pipelines to gas pipelines. In the early years of the Plan the Russians proposed to build about one-third of the total as gas lines and two-thirds as oil lines. Present plans call for just the reverse proportions. The original oil pipelines plans have not been met and apparently cannot be met with internal resources.

Further study may disclose a more definite purpose for the pipeline now proposed for contract.

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